

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

R. BRUCE JOSTEN  
EXECUTIVE VICE PRESIDENT  
GOVERNMENT AFFAIRS

1615 H STREET, N.W.  
WASHINGTON, D.C. 20062-2000  
202/463-5310

December 1, 2014

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, strongly supports H.R. 4200, the "SBIC Advisors Relief Act of 2014;" H.R. 4569, the "Disclosure Modernization and Simplification Act of 2014;" and H.R. 5471, a bill to amend the Commodity Exchange Act and Securities Exchange Act of 1934 to specify how clearing requirements apply to certain affiliate transactions and for other purposes.

- H.R. 4200, the "SBIC Advisors Relief Act," would provide regulatory certainty for advisers to small business investment companies (SBICs) and venture capital funds. Under current law, advisers to SBICs and venture capital funds are exempt from registration under the Investment Advisers Act of 1940, but someone who advises *both* an SBIC and venture capital fund would have to register. The exemptions for advisers to SBIC and venture capital funds are there for good reason, and no valid reason exists for requiring advisers to register simply because they advise both. H.R. 4200 also includes a number of provisions that would address some of the unintended regulatory consequences currently facing advisers to private funds.
- H.R. 4569, the "Disclosure Modernization and Simplification Act of 2014," would help address the problem of "disclosure overload," which has developed over the course of several years as proxies have become voluminous, and many disclosures have become duplicative or obsolete. This bill would allow businesses to submit a summary page on form 10-k in order to provide investors with a comprehensible picture of a company's operations. This bill would also direct the Securities and Exchange Commission to scale certain disclosures for emerging growth companies and other small issuers, and to eliminate any outdated or duplicative disclosures required of all issuers. This bill is a good step towards enhancing the ability of investors – particularly retail investors – to make better informed decisions in the markets.
- H.R. 5471 would ensure that non-financial companies that use financial affiliates to centralize their hedging activity and "net down" company-wide exposures will not lose the clearing and margin exemptions reserved for non-financial

companies. Use of a centralized treasury unit to manage risks on an enterprise basis is a corporate best practice, and a risk reducing measure, but the Dodd-Frank Wall Street Reform and Consumer Protection Act unintentionally penalizes derivatives end-users that organize this way. Congress clearly intended to exempt corporate end users of derivatives from clearing and margin requirements, but regulators have struggled for more than four years to square the text of the law with these directives. The Commodity Futures Trading Commission has acknowledged this issue, and has attempted to use staff-level “no-action” letters to give Main Street companies some relief, but the language of the Dodd-Frank Act makes a clean, binding fix impossible without a legislative change.

Collectively, these bills would address some of the unintended consequences of regulation and give American businesses greater opportunities to raise capital. The Chamber urges the House to pass these bills and send them to the Senate as expeditiously as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten", written in a cursive style.

R. Bruce Josten